



Health Services

LOS ANGELES COUNTY

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through leadership,
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January 6, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (SUPERVISORIAL DISTRICTS 1 AND 2) (3 VOTES)

SUBJECT

On January 15, 2002, your Board adopted an ordinance granting the Interim Director of Health Services (Director) authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so. Since the compromises referenced below are not within the Director's authority, the Director is requesting Board approval of these compromises.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	LAC+USC – Various	\$ 3,183
(2)	Account Number	LAC+USC – 5812499	\$ 5,000
(3)	Account Number	H/UCLA – Various	\$ 5,000
(4)	Account Number	H/UCLA – 7877430	\$ 7,500
(5)	Account Number	LAC+USC – 3767508	\$ 17,516
(6)	Account Number	LAC+USC – Various	\$ 25,000
(7)	Account Number	LAC+USC – 7681877	\$444,573

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) – (6) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department will be able to receive under the legal settlement involved in the case. The compromise offer of settlement for patient account (7) is

recommended because the amount is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

The best interests of the County would be served by the approval of these compromises, since it will enable DHS to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$507,772.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's hospital lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director of Health Services

JFS:lg (R:\LMARTINEZ\COMPROMISE\BDLTR#72\LETTER)

Attachments (7)

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: January 6, 2009

Total Charges	\$41,060	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$41,060	Date of Service	Various
Compromise Amount Offered	\$3,183	% Of Charges	8 %
Amount to be Written Off	\$37,877	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a slip and fall accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$41,060 for medical services rendered. The patient qualified for the Outpatient Reduced-Cost Simplified Application (ORSA) plan with no liability and has limited scope Medi-Cal that covers emergency services only. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33%
Lawyer's Cost	\$450	\$450	3%
LAC+USC Medical Center *	\$41,060	\$3,183	22%
Other Lien Holders *	\$9,377	\$1,817	12%
Patient		\$4,550	30%
Total		\$15,000	100%

* Lien holders are receiving 34% of the settlement (22% to LAC+USC Medical Center and 12% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: January 6, 2009

Total Charges	\$24,328	Account Number	5812499
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$24,328	Date of Service	4/29/07-5/3/07
Compromise Amount Offered	\$5,000	% Of Charges	21%
Amount to be Written Off	\$19,328	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$24,328 for medical services rendered. The patient did not apply for Medi-Cal or any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33.33%
Lawyer's Cost			
LAC+USC Medical Center	\$24,328	\$5,000	33.33%
Other Lien Holders			
Patient		\$5,000	33.33%
Total		\$15,000	100%

Based on information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: January 6, 2009

Total Charges	\$608,632	Account Number	8938659 & 9174942
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$608,632	Date of Service	Various
Compromise Amount Offered	\$5,000	% Of Charges	1 %
Amount to be Written Off	\$603,632	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$608,632 for medical services rendered. The patient is not eligible for Medi-Cal and has ATP with no liability. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement *
Lawyer's Fees	\$5,000	\$5,000	33.34%
Lawyer's Cost	\$300	\$300	2%
LAC+USC Medical Center	\$608,632	\$4,850	32.33%
Other Lien Holders			
Patient		\$4,850	32.33%
Total		\$15,000	100%

* This settlement distribution is consistent with the Hospital Lien Act (California Civil Statute 3045) which indicates that lien holders are entitled to 50% of the settlement after deducting attorney's fees and cost.

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet his obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: January 6, 2009

Total Charges	\$118,777	Account Number	7877430
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$118,777	Date of Service	8/25/06-9/06/06
Compromise Amount Offered	\$7,500	% Of Charges	6 %
Amount to be Written Off	\$111,277	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$118,777 for medical services rendered. The patient is an out-of-county patient and is not eligible for any of Los Angeles County's low cost/no cost programs. The patient did not apply for Medi-Cal. The patient's third party liability (TPL) claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	17%
Lawyer's Cost			
H/UCLA Medical Center *	\$118,777	\$7,500	25%
Other Lien Holders *	\$368,163	\$17,500	58%
Patient			
Total		\$30,000	100%

* Lien holders are receiving 83% of the settlement (25% to LAC+USC Medical Center and 58% to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet his obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: January 6, 2009

Total Charges	\$48,656	Account Number	3767508
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$48,656	Date of Service	1/2/06-1/10/06
Compromise Amount Offered	\$17,516	% Of Charges	36%
Amount to be Written Off	\$31,140	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$48,656 for medical services rendered. The patient did not apply for Medi-Cal or any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$65,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$26,000	\$22,750	35%
Lawyer's Cost *	\$8,450	\$8,450	14%
LAC+USC Medical Center **	\$48,656	\$17,516	27%
Other Lien Holders **	\$12,230	\$4,402.80	6%
Patient		\$11,881.20	18%
Total		\$65,000	100%

* The attorney incurred significant costs (e.g. subpoena service, deposition, expert witness, etc.) in preparation for trial and agreed to reduce his fees from \$26,000 (40%) to \$22,750 (35%).

** Lien holders are receiving 33% of the settlement (27% to LAC+USC Medical Center and 6% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: January 6, 2009

Total Charges	\$74,434	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$74,434	Date of Service	Various
Compromise Amount Offered	\$25,000	% Of Charges	34%
Amount to be Written Off	\$49,434	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was a passenger involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$74,434 for medical services rendered. The patient is not eligible for Medi-Cal and has ATP with no liability. The patient's third party liability (TPL) claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$40,000	\$40,000	40%
Lawyer's Cost			
LAC+USC Medical Center **	\$74,434	\$25,000	25%
Other Lien Holders **	\$22,650	\$15,650	16%
Patient		\$19,350	19%
Total		\$100,000	100%

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and her attorney.

** Lien holders are receiving 41% of the settlement (25% to LAC+USC Medical Center and 16% to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income, or personal or real property to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7
DATE: January 6, 2009

Total Charges	\$592,764	Account Number	7681877
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$592,764	Date of Service	7/18/08-9/3/08
Compromise Amount Offered	\$444,573	% Of Charges	75%
Amount to be Written Off	\$148,191	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.